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C O N F I D E N T I A L SECTION 01 OF 02 LISBON 000514

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FOR DEPUTY ASSISTANT SECRETARY BOYER FROM CDA DAVID BALLARD

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TAGS: [OTRA](#) [PREL](#) [PGOV](#) [ECON](#) [MARR](#) [PO](#)

SUBJECT: SCENESETTER FOR YOUR OCTOBER 6-7 VISIT TO PORTUGAL

Classified By: CDA David Ballard, reasons 1.4 (b) and (d)

¶1. (SBU) Your visit to Lisbon comes on the heels of the most closely contested parliamentary election in many years. With the September 27 parliamentary elections just days away, the Socialists led by Prime Minister Jose Socrates have a ten-point lead over the Social Democrats led by former Finance Minister Manuela Ferreira Leite. However, a significant portion of the electorate -- approximately 24 percent of those intending to vote -- remains undecided and could sway the final result. Both leading parties support our bilateral relationship, and we expect Portugal to remain a close EU and NATO partner.

PORTUGAL - STEADFAST ALLY

¶2. (SBU) Portugal, a founding member of NATO, is a steadfast ally that has consistently stood by our side over the years despite changes in government. President Cavaco Silva and Prime Minister Socrates (at this date) -- from opposing political parties -- both regularly stress that the transatlantic relationship is a pillar of Portuguese foreign policy and that NATO is the primary guarantor of European security. Portugal is also a member of the Proliferation Security Initiative, the Container Security Initiative/Megaports, and the Global Initiative to Combat Nuclear Terrorism.

¶3. (C) Portugal has taken a leading role supporting U.S. efforts to close the detention center at Guantanamo. Foreign Ministry Luis Amado was the first to publicly call on the EU to help resettle detainees, and on August 28 Portugal received two detainees for resettlement. The GOP has indicated some willingness to accept a third detainee but the issue is still being reviewed.

INTERNATIONAL MILITARY ENGAGEMENT

¶4. (SBU) The Portuguese government provides liberal access to Portuguese air and seaports for U.S. military operations in support of our efforts in Iraq and Afghanistan. This year 2,557 U.S. military aircraft have flown over Portuguese-controlled airspace and 1,103 have transited through Lajes Air Base in the Azores.

¶5. (SBU) The Portuguese military is engaged internationally on numerous fronts. Portugal participates in NATO's efforts in Kosovo (296) and Afghanistan (143 in place, with a commitment to double its contingent), as well as the UN mission in Lebanon (147). Portugal participates in the EUFOR mission in Bosnia (14), provides 87 personnel to support bilateral cooperation in five Lusophone African nations and Congo (EUSEC), and has 164 military and national guard personnel policing in Timor Leste.

INTERNAL POLITICS - GOVERNING FROM THE CENTER

¶ 16. (SBU) Portugal's charismatic Prime Minister Jose Socrates heads Portugal's moderate Socialist government, which assumed power in March 2005. The Socialists won an absolute majority in parliament for the first time in the party's history, which has allowed Socrates to govern from the center without coalitions and helped him implement an economic reform agenda. By the end of 2007 the government had succeeded in reducing the budget deficit below the EU-mandated limit of three percent, a year ahead of schedule. Since the onset of the global financial crisis, however, the budget deficit and unemployment rate have again increased and are projected at 6 percent and over 10 percent respectively by yearend.

¶ 17. (SBU) Portugal has national parliamentary elections and local elections for municipal officials, on September 27 and October 11, respectively. Despite the economic situation and an ongoing corruption investigation, the Socialists are leading in the polls by a three-point margin over the center-right Social Democratic opposition led by former Finance and Education Minister Manuela Ferreira Leite. Possible post-electoral scenarios include a Social Democrat or Socialist minority government or a coalition government comprised of one of the major parties and one or two of the smaller parties. The new government, regardless of the party in power, will likely face difficulties in passing measures through parliament, which may force negotiations on the left and right. However, GOP cooperation with the U.S. and support for the EU and NATO will likely continue unchanged.

MULTILATERALIST TO THE CORE

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¶ 18. (SBU) Portugal places great emphasis on multilateral institutions, the European Union foremost among them. Portugal joined the EU in 1986, and a subsequent infusion of EU funds made possible the construction of Portugal's national transportation infrastructure. Portugal remains a net recipient of EU funds, and a large majority of the public views the EU favorably. In fact, Social Democrat Manuel Durao Barroso abandoned his prime ministership halfway through his term in 2004 in order to assume the presidency of the European Commission (EC). On September 16 Barroso was re-elected president of the EC. On most important foreign policy issues, Portugal defers to EU consensus. There are some exceptions, such as issues concerning lusophone Africa, on which Portugal seeks a leadership role.

FOREIGN MINISTER AMADO

¶ 19. (C) Foreign Minister Luis Amado has been a great friend of the U.S., both in his previous capacity as Minister of Defense and now as Foreign Minister. He is even-tempered, thoughtful, and low-key, and regularly seeks opportunities to coordinate policy with the U.S. He places great importance on presenting a united public front, whether within the EU, NATO or with the U.S. If there are differences, he prefers to discuss them discreetly. He met with Secretary Clinton in Washington on June 5. He is likely to step down after the September elections.

PRIME MINISTER SOCRATES

¶ 10. (C) PM Jose Socrates is a charismatic leader who worked hard to improve his English in advance of Portugal's 2007 EU presidency. He relies on advice from a small circle of advisors and is a moderate Socialist who has been successful at co-opting or marginalizing the extremists in his party. He also aggressively pursued his domestic agenda before assuming the EU presidency, achieving difficult labor, educational, and social security reforms. Socrates spends

most of his time on the domestic agenda, leaving foreign policy largely in the hands of FM Amado. Economic diplomacy has been a cornerstone of Socrates' foreign policy and this government has strengthened ties with Angola, Libya, Venezuela, Russia, and China to expand Portugal's energy sources and export markets.

PRESIDENT CAVACO SILVA

¶11. (C) Anibal Cavaco Silva is the most popular politician in Portugal, although in recent weeks a front-page wiretapping scandal and his refusal to clarify the issue have threatened his popularity. The Portuguese presidency does not wield the executive power of the U.S. presidency, but the position is not ceremonial. Cavaco Silva is commander in chief of the armed forces and must approve military deployments. He also chairs the Council of State, which handles all constitutional issues. Cavaco Silva hails from the right-of-center Social Democratic party and he often butts heads with Socialist PM Socrates. But Cavaco Silva generally strives to be a non-partisan Head of State, and leaves day-to-day politicking to his party leaders in parliament.

For more reporting from Embassy Lisbon and information about Portugal, please see our Intelink site:

http://www.intelink.sgov.gov/wiki/portal:port_ugal
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